

Authority contradicts any accepted practice. This decision that was taken while handcuffed (sic) with heavy chains of conditions. It is provocative and insulting to the Palestinian national feelings. The decision is a flagrant intrusion in internal Palestinian matters. . . . The American Congress has placed at the very heart of its conditions the closing of Palestinian institutions in Jerusalem and the cessation of support by the Palestinian National Authority for these institutions. This exposes the true face of American policy towards the Holy City, a policy that supports and assists further Jewish occupation of Jerusalem, its annexation to Israel and it further confirms Israel's claims that Jerusalem is its united, everlasting capital. . . .

" . . . The American Congress has relinquished the American role as a sponsor of the Declaration of Principles and declared its absolute partiality in the interest of the worst and most damaging of Israeli interpretations, by rushing ahead more than the Israelis themselves have done when they [members of Congress] demanded the canceling of some articles in the Palestinian National charter and when they demanded Palestinian co-operation with Israel in surrendering wanted Palestinian citizens to it despite the fact that this demand violates the signed agreements between the PLO and the government of Israel. . . ."

"The conditions that the American Congress demanded will not find anyone to respond to them. The members of Congress, who do not respect international legitimacy, will not need to wait six long months because the Palestinian people will not barter their rights for all the money in the world." (Emphasis added.)

ARAFAT NEVER PROMISED YOU A ROSE GARDEN

What makes you such vitriolic attacks particularly stunning is the fact that they are basically directed at two senior Senators who have gone to great lengths to protect the PLO/PA from the sort of real conditions that many Americans believe are in order. In light of Arafat's continuing support for terrorism against Israel, his failure to comply with other commitments under the Declaration of Principles and his diversion of international aid to personal and political purposes inimical to real peace, a powerful case can be made for denying any further distribution of the roughly \$350 million yet to be disbursed to the PA.

Congressional leaders, and Senator Helms in particular, have come under enormous pressure from the Clinton Administration, the Israeli government of Yitzhak Rabin and the American Israel Public Affairs Committee to keep the aid flowing to Arafat, such problems notwithstanding. In the end, Senator Helms was induced to set aside his instinctive—and well-founded—opposition to undisciplined foreign aid and to those who support international terrorism. Instead, he lent his name to a foreign aid bill for the PLO/PA whose conditions were deliberately crafted with sufficient ambiguity and/or loop-holes to meet with Arafat's approval and to allow hundreds of millions of additional tax-dollars go to his organizations.

THE BOTTOM LINE

The simple truth is that two years after the Oslo I agreements were signed, efforts to moderate Yasser Arafat's behavior through financial, political (and, in the case of Israel, territorial) concessions have not had the desired effect. Instead, such concessions in the face of continued Palestinian gangsterism appear only to have encouraged more of the same. For example, last week, even as the Congress was considering the Helms-Pell legislation, Arafat used interviews with the Egyptian and Jordanian press to affirm that

the Oslo agreements are implementing the notorious "plan to phases" adopted by the PLO in 1974. Phase I involves obtaining territory from Israel via negotiation; Phase II will use that territory to launch a final campaign for the destruction of Israel.

Fortunately, Congress has an alternative at hand to such appeasement. Legislation has been introduced in both the Senate and House that would mandate a complete cut-off of funding for the PLO/PA. This bill, known as the Middle East Peace Compliance Act and sponsored in the Senate by Sens. Alfonse D'Amato, Richard Shelby and Larry Graig and in the House by Reps. Michael Forbes, Jim Saxton and Tom DeLay, would allow continued aid to go toward legitimate, monitorable and private humanitarian projects in Palestinian-controlled areas—provided the PLO honors its commitments.

The Center for Security Policy urges Senator Helms and others affronted by Yasser Arafat's imperiousness to substitute the real conditions called for by the D'Amato-Forbes bill for the ersatz conditions of the Helms-Pell legislation. As the attached op.ed by Center for Security Policy director Frank J. Gaffney, Jr. published in today's Newsday makes clear, Israel is not the only nation with stake in the quality of such conditionality. America's not vital interests dictate that the United States must make every effort to avoid rewarding PLO support for terrorism and other non-compliance.

FIRE PREVENTION WEEK

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from West Virginia [Mr. WISE] is recognized for 5 minutes.

Mr. WISE. Mr. Speaker, I rise today at the Nation celebrates Fire Prevention Week to speak about a fire cause that affects every American no matter where they live. I am referring to the act of arson.

The United States Fire Administration's Annual Report to Congress states that in 1994 arson continued to be the second leading cause of fire deaths in residences and the leading cause of dollar loss from fire. Each year 1,000 people die from an estimated 332,000 arson fires. Direct property loss is in excess of \$1.6 billion. Since 1984 arson fire deaths have increased 33 percent.

Unfortunately, West Virginians were not spared from the scourge of arson. That same report indicated that 18.4 percent of all reported fires in West Virginia were caused by arson, with losses exceeding \$1.6 million.

As a member of the Congressional Fire Services Caucus, I was proud to support the Arson Prevention Act of 1994 which passed the 103d Congress and was signed into law by President Clinton. This legislation enable States to conduct meaningful programs to combat arson.

During Fire Prevention Week we must pause to consider how all of us, not just the fire service, can work toward making all Americans safer from the ravages of fire.

The American people should be enraged about the tragic cost to lives and property from this preventable cause of fire.

I am pleased to report, Mr. Speaker, that the International Association of Arson Investigators is working tirelessly to combat this crime in all its forms. I am especially proud of the West Virginian Chapter of the International Association of Arson Investigators. This dedicated group provides training to police, fire, and insurance investigators on how to better detect arson in our state. They also work to educate our citizens about how arson hurts everyone.

Let us then pause, Mr. Speaker, during Fire Prevention Week to honor all those men and women dedicated to fighting the war against arson and urge all Americans to support their efforts.

TAXES AND MEDICARE

Mr. Speaker, turning to another topic, I would like to talk a little bit about taxes and the sleeper issue that is coming up in the next couple of weeks.

What I want to do is to talk about we hear a lot about Medicare and Medicaid, but it is taxes that are also very important for West Virginians, where we are finding out more and more as we analyze the budget proposals that will be coming in the next couple of weeks in the Republican leadership's proposals. We are seeing there is a tax increase for thousands of working West Virginia families, middle-income and lower-income working families.

First, Mr. Speaker, it may be difficult for you to see this chart, but if you look, what this says is who benefits from the GOP tax cut. That is my first chart. If you can see the red, the red says that people, and this is people earning over \$100,000 or more, this is the percentage that they get from the tax cut where they get over 52 percent of the tax cut that goes to those earning over \$100,000 or more. The little blue sliver are those people earning \$30,000 or less. Those people, incidentally, get 3 percent of the benefits of the tax package. So these are the folks over \$100,000 a year, they get 52 percent of the total package; \$30,000 or below, they get 3 percent.

Now let us flip it and see what happens to West Virginia taxpayers. Here we have the people making the blue portion, the people making \$30,000 or less comprise 68 percent of our State's population. So this blue portion, which is almost 70 percent of our State's population, gets less, gets about 3 percent of the total tax package. This little red sliver, and I know you probably cannot see it because it is almost infinitesimal, that is the 1.5 percent in our State that earn over \$100,000 a year. Mr. Speaker, they are going to get 52 percent of the tax package. It is totally skewed, as you can see.

Mr. Speaker, I would also point out that because of the rollbacks in the earned income tax credit that goes to working families under \$24,000 a year, that in West Virginia someone making under \$10,000 a year, basically working at minimum wage, will actually see a

\$9 increase in their taxes while someone earning over \$100,000 a year will see a \$2,400 tax cut. That certainly seems to me not to be equitable, not to reward work, not to try and get money to the middle income that I think everybody agrees has been the group most strapped.

I hope these changes certainly can be addressed.

MEDICARE PRESERVATION ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Minnesota [Mr. RAMSTAD] is recognized for 5 minutes.

Mr. RAMSTAD. Mr. Speaker, today our House Committee on Ways and Means passed the Medicare Preservation Act to save Medicare, to keep the Medicare system solvent until the year 2010 and to let seniors have more choices in health care plans.

Our legislation keeps Medicare solvent, as I said, and lets seniors stay in the current fee-for-service system or choose a HMO, a preferred provider network or a medical savings account.

Why should seniors not have the same choices in health care that every other American has?

Mr. Speaker, also it is important to point out that this legislation increases Medicare spending about 6.5 percent a year, which means the average Medicare beneficiary will receive \$4,800 this year and \$6,700 in the year 2002.

The point I want to make tonight, Mr. Speaker, is that this legislation guarantees, guarantees that none of the Medicare savings will go for tax cuts. They will go into a lockbox to be used only to maintain the long-term solvency of Medicare.

Mr. Speaker, I ask that this article, this opinion piece by the well-respected economist, Robert Samuelson, which was published in today's Washington Post, be made part of the RECORD.

Economist Samuelson points out in this piece in today's Post, and I am quoting now, "Democrats cast Republicans as cutting everything from Medicare to college loans to pay for a tax cut for the rich. That is untrue." That is Mr. Samuelson's words.

To continue "To listen to the Democrats, you would think that every spending cut is needed to provide a tax cut for the rich. They say that Medicare is being cut to help the wealthy, to provide a tax cut for the rich." Mr. Samuelson goes on to say, "Perhaps this makes good rhetoric, but it flunks first-grade arithmetic."

Let me continue reading from this column: "In the Republican budget, spending is cut \$900 billion over the next 7 years. This is in the total budget. That is nearly 4 times the size of the tax cuts." Mr. Samuelson goes on to say: "The Democrats are double, triple, and quadruple counting spending cuts as an offset to the tax reduction. Even a 1-to-1 count, that is, \$250 billion in spending cuts for \$245 billion in tax

cuts, is a stretch," and then Mr. Samuelson goes on to explain in an academic, analytical, truthful way what we are doing.

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He explains that under the congressional budget resolution, the Republicans cannot enact a tax cut until the Congressional Budget Office certifies that our plan would balance the budget by the year 2002. Once that happens, the CBO assumes that interest rates will drop and economic growth will increase. In turn, these changes improve the budget balance by \$170 billion between now and the year 2002.

So from the balanced budget that we are putting forth here in Congress, interest rates will drop, economic growth will increase to the tune of \$170 billion, and in these extra savings will the tax cut be paid.

At least 70 percent of it will be paid from growth in the economy. So I think, Mr. Speaker, it is important that we get to the facts and the truth in talking about what we are doing with respect to Medicare. Nobody is cutting Medicare to provide any tax breaks whatsoever. What we are doing is balancing the budget in a responsible way. We have already provided for the tax cuts in today's legislation. To preserve Medicare is a big step forward, not only for the seniors of this country, but for future generations as well.

Mr. Speaker, I include for the RECORD the article quoted from.

[From the Washington Post, October 11, 1995]

BUDGETARY BOMBAST

(By Robert J. Samuelson)

The tax debate is a triumph of political rhetoric over common sense. Republicans and Democrats alike portray the Republicans' proposed tax cuts—\$245 billion between 1996 and 2002—as bigger and more important than they are. Each side has its reasons. Republicans say they're providing major tax relief for most ordinary Americans. Not true. Democrats cast Republicans as savagely cutting everything from Medicare to college loans to pay for "a tax cut for the rich." That, too, is untrue.

Just for the record, reject both the Republican tax cuts and the Democrats' critique. Lower taxes, in my view, shouldn't come until the budget is balanced. People should feel the price of government: taxes paid for services received. When the two are split, government becomes lax, because the price of more government is falsely seen as zero. But we are far beyond such a principled debate. Even Democrats advocate tax cuts, arguing that their plan is fairer. The debate gushes partisan clichés.

Start with Republican myths. The \$245 billion sounds like a huge tax cut. It isn't. Recall that it occurs over seven years. In this period, the Congressional Budget Office estimates that federal taxes (before the cut) will total \$12.8 trillion. The \$245 billion cut is about 1.9 percent of that. Of course, some people will get more. The plan's centerpiece is a \$500 tax credit for every dependent child. A family with moderate income (up to say \$40,000 to \$50,000) and two children would receive a noticeable tax cut.

But about half of families have no children, and nearly 30 percent of households are singles. Even for higher-income families with children, the effect of the child tax

credit would fade. (In 1994 a two-parent family with two children and \$75,000 of income paid about \$15,000 to \$16,000 in federal taxes.) And the rest of the tax cut—Congress is still working on details—is splintered among many, highly symbolic reductions.

Consider the most controversial proposal: a capital gains tax cut. Capital gains are profits from the sale of stocks, bonds and other assets. Now, these profits are taxed at a maximum of 28 percent. The House Republicans would reduce that to 19.8 percent, arguing that a lower rate would spur investment and risk-taking. Gee, there's already an investment boom, with ample risk-taking. The present capital gains tax isn't a major obstacle. A reduction would mostly benefit wealthier Americans by increasing their profits from the sale of existing stocks and bonds.

Although the Republican myths are outrageous, the Democratic myths are worse. To listen to Democrats, you'd think that every spending cut is needed to provide a "tax cut for the rich." Medicare is being cut to help the wealthy: so are Medicaid, the school lunch program and welfare. The litany is endless. Perhaps this makes good rhetoric, but it flunks first-grade arithmetic.

In the Republican budget, spending is cut about \$900 billion between 1996 and 2002 from the levels under present law. That's about 6.2 percent of what the CBO reckons would be spent and nearly four times the size of the tax cut. The Democrats are double, triple and quadruple counting spending cuts as an offset to the tax reduction. Even a one-for-one count (\$245 billion of spending cuts for \$245 billion of tax cuts) is a stretch. Here's why.

Under the congressional budget resolution, the Republicans can't enact a tax cut until the CBO certifies that their plan would balance the budget by 2002. Once that happens, the CBO assumes that interest rates will drop and economic growth will increase. In turn, these changes further improve the budget balance by about \$170 billion between now and 2002. It is these extra savings that, in theory, mainly finance the Republican tax cut. They account for about 70 percent of the total.

The point is that—without a huge tax increase, that almost no one favors—the Republican spending cuts are needed simply to balance the budget. If the Democrats don't want to balance the budget, they should say so. If they have \$900 billion of other spending cuts, they should say so. But their endless carping about the "tax cut for the rich" merely disguises their own unwillingness to confront the budget deficits. Republicans have made some unpopular choices about government; Democrats have not.

It is not that Republican choices are beyond criticism. Their plan to curb the Earned Income Tax Credit, which provides tax relief for the working poor, is mean and would shrink the net tax cut substantially. But the tax cut is not mainly a giveaway to the rich. Its effects are spread along the income distribution. Even if it were approved, the well-to-do would continue to pay most federal taxes. In 1994 the richest fifth of Americans (a group that begins at about \$75,000 of family income) paid 59 percent of federal taxes.

The trouble with the Republican plan is that it has warped the budget debate. Democrats have succeeded, temporarily at least, in turning it into an old-fashioned argument about class, when it ought to be about redefining the role of government. There are legitimate disagreements here, and they ought to be aired. But it is not true—as Democrats imply—that the whole process is being driven by a crass desire to aid the wealthy.

Ideally, Republicans would postpone tax cuts. Congress should discipline itself and